

Rules of

FOUNDATION EAST LIMITED

A Registered Society No. 29722R

NAME

1. The name of the Society shall be Foundation East Limited.

REGISTERED OFFICE

2. The registered office of the Society shall be at Fortescue House, Court Street, Trowbridge, BA14 8FA or such other place as the Directors may at any time decide.

OBJECTS

3. The objects of the Society shall be to carry on for the benefit of the community the business of promoting charitable purposes by the provision of financial loans and other assistance in any of the following ways
 - (a) the promotion of urban and rural regeneration in areas of social and economic deprivation;
 - (b) the relief of unemployment;
 - (c) the advancement of education, training or retraining particularly among unemployed people, and providing the unemployed with work experience;
 - (d) the provision of financial assistance, technical assistance or business advice or consultancy in order to provide training, employment and opportunities for self employment for unemployed people in cases of financial or other charitable need through help: (i) in setting up an enterprise or (ii) to existing enterprises;
 - (e) the creation of training and employment opportunities by the provision of workspace, buildings and/or land for use on favourable terms;
 - (f) the provision of housing for those who are in conditions of need and the improvement of housing provided that such power shall not extend to relieving any local authorities or other bodies of a statutory duty to provide or improve housing;
 - (g) the support of any charities or charitable purposes as the Directors in their absolute discretion see fit.

POWERS

4. The Society shall have full power to do all things necessary or expedient for the attainment of its Objects, including:-
 - (a) to provide financial assistance (including by way of secured or unsecured loan, or equity), support and advice to persons engaged in activities that further the Objects;
 - (b) to establish or support any charitable trusts, associations or institutions formed for all or any of the Objects and to act as trustees, managers or custodians of any real or personal property given or held upon trust for charitable purposes;
 - (c) to provide, construct, improve or manage property to be kept available for letting;
 - (d) to encourage and give advice on the formation of housing associations or provide services for, and give advice on the running of, such associations and other voluntary organisations concerned with housing or matters connected with housing;
 - (e) to co-operate with and establish other organisations whose activities further the Objects, and to co-ordinate networks of the same;
 - (f) to pay any premium in respect of any indemnity insurance to cover the liability of the Directors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in

- relation to the Society, provided that any such insurance shall not extend to any claim arising from any act or omission which the Directors knew to be a breach of trust or breach of duty or which was committed by the Directors in reckless disregard to whether it was a breach of trust or breach of duty or not, and provided also that any such insurance shall not extend to the costs of an unsuccessful defence to a criminal prosecution brought against the Directors in their capacity as directors of the Society;
- (g) to invest funds of the Society, to the extent permitted by the law for the time being in force, by the authority of the Directors:-
- i) in any manner expressly authorised by the Act;
 - ii) in any investments permitted to a trustee pursuant to the Trustee Act 2000, or in stocks and shares of any body corporate;
 - iii) in shares or on security of any Society registered under the Act;
 - iv) in any freehold or leasehold property whatever and the Directors shall have power to develop, redevelop, build upon, manage, sell, exchange, partition, mortgage, lease, insure, improve, protect and generally deal with such property as the Directors shall think fit;
 - v) in the share capital and loan stock of any company or society,
- and the Directors may for investment purposes pool all property held by the Society;
- (h) to delegate the management of investments to a financial advisor, but only on terms that:
- i) the investment policy is set down in writing for the financial advisor by the Directors;
 - ii) every transaction is reported promptly to the Directors;
 - iii) the performance of the investments is reviewed regularly with the Directors;
 - iv) the Directors are entitled to cancel the delegation arrangement at any time;
 - v) the investment policy and the delegation arrangement are reviewed at least once a year;
 - vi) all payments due to the financial expert are on a scale or at a level which is agreed in advance and are notified promptly to the Directors on receipt;
 - vii) the financial expert must not do anything outside the powers of the Directors;
- (i) to borrow, including but not limited to the issue of loan stock, debenture stock, medium term notes and commercial bonds of any nature whatsoever and in any currency whatsoever whether guaranteed or not for the purposes of the Society and to guarantee or become liable for the payment of money, or for the performance of any obligation, and to secure such payment or performance in any manner including by the mortgage or charge of any of its property or assets, upon terms and conditions determined from time to time by the Directors, provided that:-
- i) the Society shall not carry on a deposit taking business within the meaning of the Banking Act;
 - ii) the amount of money borrowed and for the time being remaining undischarged shall not exceed any limit set by the Directors from time to time;
 - iii) the interest payable on borrowings, other than from institutions authorised under the Banking Acts and by way of secured loan, shall not exceed the minimum rate of interest necessary to obtain and retain borrowings required to carry out the Objects;

- iv) subject to the preceding clauses of this Rule the Directors shall have power to determine from time to time the terms and conditions upon which money is borrowed or loan stock issued and to vary such terms and conditions;
- v) no person lending money to the Society shall be concerned to see or enquire whether the limit imposed by Rule 4(i)(ii) was exceeded at the time of borrowing and in the event that such limit was so exceeded no borrowing incurred in excess of such limit shall be invalid unless the lender or such other person had received express notice to this effect at the time of borrowing;
- vi) the Society shall have powers to enter into any interest or currency rate swap, any option to enter into an interest or currency rate swap, or cap, collar, ceiling or floor, in relation thereto any forward rate agreement or any other hedging agreement or money management agreement similar in form or effect to the foregoing;
- vii) the Directors shall have power to determine from time to time the terms and conditions upon which such agreements are entered into and to vary such terms and conditions;
- viii) any person acting in good faith and without prior notice shall not be concerned to see or enquire whether the powers of the Directors under this Rule have been exceeded;
- ix) Loan stock, debenture stock and other securities are transferable in amounts and with such formalities (including without limitation with regard to instrument of transfer, signatures, evidence and fees) as the Directors shall from time to time think fit;
- (j) to raise funds and to invite and receive contributions, provided that in raising funds the Society shall not undertake any substantial permanent trading activity, and to operate bank accounts in the name of the Society;
- (k) subject to Rules 57 and 90, below, to employ such staff as are necessary for the proper pursuit of the Objects and to make all reasonable and necessary provision for the payment of pensions and superannuation to staff and their dependants; and
- (l) to pay or suspend interest on share capital including the suspension of interest indefinitely.

BUSINESS PRINCIPLES

4A. The Society will apply the following principles in the pursuit of its Objects:

- It will conduct its business with integrity.
- It will conduct its business with due skill, care and diligence.
- It will take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
- It will maintain adequate financial resources.
- It will pay due regard to the interests of its customers and treat them fairly.

FINANCIAL PROMOTIONS

- 4B. The Society shall not communicate any inducement or invitation to purchase withdrawable share capital or any other instrument which the Society may issue from time to time without taking advice from a suitably qualified person.

MEMBERSHIP

5. The Directors may at their discretion admit to membership any person or corporate body, or the nominee of any unincorporated organisation or firm, who supports the Objects and who has paid or agreed to pay any subscription or other sum due in respect of membership. No individual aged less than 16 years of age may be admitted as a member of the Society.
- 5A. The Society will take reasonable steps to verify the identification of members including using credit reference agency tools.
- 5B. The Society may make provision for different classes of membership with such rights and obligations as the Society may determine provided that every member shall be entitled to one vote in accordance with Rule 49. Such rights and obligations may be varied only if three quarters of the members of that class consent in writing or by a resolution of a separate general meeting of the members of that class.
6. Application for membership of the Society shall be made in such form as the Directors may prescribe.
7. The Society shall keep at its registered office a Register of Members in which the Secretary shall enter the following particulars:
- (a) the name and address of every member;
 - (b) a statement of the number of shares held by each member and that £1.00 has been paid on each share;
 - (c) the date on which each member's name was entered in the register as a member and the date on which any member ceased to be a member;
 - (d) the names and addresses of the Directors and officers of the Society, of the offices held by them respectively, and the dates on which they assumed and vacated office.
8. A member who is a nominee of an unincorporated body shall have entered against her/his name in the Register of Members the name of the unincorporated body by whom the member has been nominated.
9. A copy of these Rules, along with any amendments made to them, shall be given free of charge to every member upon admission to membership, and shall be provided to any other person on demand and on payment of the statutory fee chargeable for the time being in force.

MONEY LAUNDERING

- 9A. The Society will appoint a Money Laundering Reporting Officer (MRLO). The functions of the MLRO will be:
- To establish and maintain procedures to prevent money laundering;
 - To establish and maintain awareness among the Society's staff of the procedures to prevent money laundering, including the provision of training;
 - Receiving internal money laundering reports on suspicious activity;
 - Making external reports to the National Crime Agency if it is considered that the suspicion is justified.

CESSATION OF MEMBERSHIP

10. A member shall cease to be a member if:
 - (a) she/he ceases to hold any shares in the Society; or
 - (b) being a corporate body, it is wound up or goes into liquidation; or
 - (c) she/he is expelled under the following Rule.
11. A member may be expelled for conduct prejudicial to the Society by a resolution of not less than 75% of votes cast at a General Meeting of the Society of which due notice has been given, provided that the grounds for expulsion have been specified in the notices calling the meeting and that the member whose expulsion is to be considered shall be given the opportunity to state her/his case to the meeting. If on due notice having been served the member fails to attend the meeting, the meeting may proceed in the member's absence.
12. A person expelled from membership shall be deemed to have given a notice of withdrawal pursuant to Rule 22 on the date on which the resolution to expel was passed in General Meeting.
13. No member expelled from membership shall be re-admitted except by a resolution of not less than 75% of votes cast at a General Meeting of which due notice has been given.

SHARE CAPITAL

14. The shares of the Society shall be of the nominal value of £1.00 but the Directors may, at their discretion, issue at another nominal value.
- 14.A The Directors may issue different classes of shares, with such rights, restrictions and obligations as may be determined by them and may set the amounts of any subscriptions.
- 14.B The Directors may specify on an issue of shares that no withdrawal of those shares shall be permitted within a specified period from the date of issue of the shares.
15. The minimum shareholding required of a member shall be defined as such number of fully paid shares as a General Meeting may determine subject to the Act, or as may be required by a particular offer of shares, or – failing such determination or requirement – shall be one share.
16. A member may subscribe for shares in tranches of shares which are smaller in number than the minimum shareholding, provided that any member who does not achieve the minimum shareholding within 12 months after her/his first payment shall cease to be a member and shall have returned to her/him the value of the shares paid for to date, and the relevant shares shall be cancelled.
17. Shares shall be withdrawable only in accordance with the provisions of these Rules. Shares shall not be transferable except on death or bankruptcy.
18. Application for shares shall be made to the Directors of the Society who shall allot to members, upon their admission, the share or shares for which they have applied provided that the total number of shares allotted to any member shall not (together with any shares already held by her/him) exceed the maximum shareholding permitted by law and any maximum shareholding specified by the Directors (if any).
19. Shares shall normally be paid for in full on allotment, but the Directors may at their discretion permit a member to defer some or all of such payment.
20. The payment of interest on shares in the Society shall only be permitted provided that:
 - (a) the rate shall have been declared in advance of the period for which interest will become payable;
 - (b) the amount of interest shall be no more than is necessary in the opinion of the Directors to obtain and retain the capital to carry on the Objects;

- (c) the Directors are able to justify the rate of interest payable on the shares by reference to available commercial rates for borrowing; and
- (d) the rate of interest shall not be such that it is the motivation for a person to buy shares.

20.A The Directors may suspend payments of interest temporarily or indefinitely by informing members of the suspension.

20.B In the accounts of the Society the payment of interest is an expense of the Society before surplus is calculated.

21. Shares may be held jointly by two or more persons. Requirements regarding notices of meetings, voting rights and other such matters shall apply to the person whose name precedes the names of the others as joint holders in the register of members. Shares may also be held jointly by the personal representatives of a deceased member or by any two persons being nominees of any one unincorporated body. An application for the withdrawal of any share or shares held jointly must be made by all the joint holders who shall be able to give a valid receipt for any capital repaid.

WITHDRAWAL OF SHARE CAPITAL

22. Shares may be withdrawn by members upon giving three months' notice to the Society provided that:-

- (a) all withdrawals shall be paid in the order in which the notices were received by the Society;
- (b) except where a member intends to terminate her/his membership of the Society, a member shall not be entitled to withdraw shares so as to leave her/him with less than the minimum shareholding;
- (c) the Directors may waive the notice required for a withdrawal and may direct payment to be made without notice or on such shorter notice as they consider fit;
- (d) the Directors may suspend the right to withdraw either wholly or partially, and either indefinitely or for a fixed period. The suspension shall extend and apply to all notices of withdrawal which have been received and remain unpaid at the time the Directors suspend the right to withdraw. Where the suspension is for a fixed period, such period may be extended from time to time by the Directors;
- (e) during any period when the right of withdrawal has been suspended under Rule 22(d), the shares of deceased members may, if the Directors agree, be withdrawn by their personal representatives upon giving such notice as the Directors may require;
- (f) the amount to be paid to a member on withdrawal shall be the amount paid up or credited on the shares to be withdrawn, except where the shares are subject to a reduction in their value in accordance with the provisions of these Rules;
- (g) interest shall be payable on any interest bearing share in respect of which a notice of repayment has been given until the date of repayment.

23. Any share withdrawn in accordance with the above Rule shall be cancelled.

24. Members may withdraw from the Society by withdrawing all their shares in the Society in accordance with Rule 22 or, if the right to withdraw has been suspended as provided for in that Rule, by surrendering all their shares to the Society. Upon such surrender the Directors may in their discretion pay to the withdrawing member the amount paid up or credited in respect of the shares surrendered.

25. The Society may deduct such reasonable sum to cover administrative costs of withdrawal from the monies payable to a member on the withdrawal of shares in the Society.

REDUCTION IN SHARE VALUES

26. If the auditors (or any independent qualified accountants appointed for the purpose by the Directors) certify at any time that the aggregate of the Society's liabilities plus the amount of its issued share capital exceeds its assets, then (unless in the meantime the excess has been removed) the Directors may determine that the amount of this excess, or part of it, shall be apportioned among the members in proportion to (but not beyond) the amount of the nominal value of the shares paid up and held by each member. This apportionment shall be based on the value of the shares paid up and held by each member at the close of business on the date of such determination. The value of shares held by each member shall be reduced accordingly for the purposes of withdrawal of shares, notwithstanding that the value of shares held by any member may thereby be reduced below the minimum shareholding.

LIEN ON SHARES AND RIGHT OF OFFSET

27. The Society shall have a lien on the shares of a member for any debt due to it by the member and may set off any sum standing to the member's credit with the Society in or towards payment of such debt.

GENERAL MEETINGS

28. An Annual General Meeting shall be held within six months of the close of the financial year of the Society, the business of which shall comprise:
- (a) the receipt of the accounts and balance sheet and of the reports of the Directors and auditor;
 - (b) the appointment of the auditor (if required);
 - (c) the election of Directors (or the announcement of the results of the election if held previously by ballot);
 - (d) the transaction of any other business included in the notice convening the meeting.
29. All General Meetings other than the Annual General Meeting shall be called Special General Meetings.
30. A Special General Meeting shall be convened either upon an order of the Directors or on the requisition of 50 members of the Society or ten per cent of the membership, whichever is the lessor. The meeting shall be convened to take place within eight weeks of the receipt of such a requisition by the Society.
31. The Society's auditor shall be entitled to attend General Meetings of the Society and to receive all notices of and communications relating to any General Meeting which any member of the Society is entitled to receive. The auditor shall be entitled to be heard at any meeting on any part of the business of the meeting which is of proper concern to an auditor.

NOTICES

32. All General Meetings shall be called by at least 21 clear days' notice.
33. Notice of every General Meeting shall be given in writing to every member of the Society and to such other persons who are entitled to receive notice and shall be sent by post to each member at the address recorded in the Register of Members, and to other persons at their Registered Office.
34. Notice of all General Meetings shall specify the exact time and place of the meeting. In the case of a General Meeting which is to consider a resolution to amend the Rules of the Society or a resolution to remove a Director or the auditor, such resolution shall be specified in the notices calling that meeting and in the case of all other General Meetings the general nature of the business to be raised shall be specified. No business shall be conducted at a General Meeting other than that contained in the notices calling it.
35. A notice sent by post to a member's registered address shall be deemed to have been served 48 hours after its posting. The accidental omission to give notice of a meeting to or

non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

36. A corporate body which is a member of the Society shall appoint a representative who shall during the continuance of her/his appointment be entitled to exercise in any General Meeting of the Society all such rights and powers as the member organisation would exercise if it were an individual person. The Society shall require such notification of an organisation's appointed representative as the Directors may from time to time decide.
37. No General Meeting shall proceed to business unless a quorum is present. Unless and until otherwise decided by the Society in General Meeting, a quorum shall be three members or one-twentieth of the membership, whichever is the greater, present in person (including the representatives of corporate bodies which are members). No meeting shall become incompetent to transact business from the want of a quorum arising after the chair has been taken.
38. If within half an hour after the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved. In any other case it shall stand adjourned until a day between seven and 21 days after the date set for the original meeting, and all members shall be given such notice as is practicable of the adjourned meeting. If at such an adjourned meeting a quorum is not present half an hour after the time set for the meeting, then the members present shall constitute a quorum.
39. The Chairperson of the meeting shall be appointed by the Directors present from among their number or, in the absence of all Directors, by the members present.
40. The Chairperson may with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Where a meeting is adjourned for 30 days or more, notice of the adjourned meeting shall be given as in the case of the original meeting; otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
41. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a secret ballot is, before or on the declaration of the result of the show of hands, demanded by at least three members present in person or by proxy. Unless a secret ballot be so demanded, a declaration by the Chairperson that a resolution has on a show of hands been carried or lost with an entry to that effect in the book containing the minutes of the proceedings of the Society shall be conclusive evidence of the fact without proof of the number or proportions of the votes recorded in favour or against such resolution.
42. If a secret ballot is duly demanded it shall be taken in such a manner as the Chairperson directs, provided that no member shall have more than one vote, and the result of the ballot shall be deemed to be the resolution of the meeting at which the ballot was demanded.
43. The demand for a secret ballot shall not prevent the continuance of a meeting for the transaction of any other business than the question upon which a ballot has been demanded. The demand for a secret ballot may be withdrawn.
44. The Directors may determine to submit a resolution for decision by postal ballot, other than any resolution required by statute to be passed at a meeting of the Society, or resolutions for the appointment or reappointment of auditors or for the removal of auditors before the expiration of their term of office.

45. The Directors may determine within one month after a resolution has been considered at a meeting to submit it for decision by postal ballot. If the resolution was passed at the meeting its operation shall be suspended until the decision of the postal ballot.

VOTES OF MEMBERS

46. No person shall be entitled to vote on any question at a General Meeting other than an individual member of the Society or the duly appointed representative of a corporate body which is a member.
47. On any resolution to be decided on a show of hands, only members present in person shall be entitled to cast a vote.
48. On any resolution to be decided by secret ballot, votes may be cast by members who are present in person or by proxy. A member who cannot attend a General Meeting may appoint any person to act as proxy for him or her, and shall provide written authorisation for the appointed person so to act, stating whether the proxy is:
- (a) to vote this way or that on any particular resolution or
 - (b) permitted to vote in accordance with her/his own judgement.
49. Every member shall hold one vote only on each question to be decided at a General Meeting. Except where otherwise specified by these Rules or by the Act, questions shall be resolved by a simple majority of votes cast.
50. In the case of an equality of votes, whether on a show of hands or on a ballot, the Chairperson shall have a second or casting vote.

AMENDMENTS TO RULES

51. Any of these Rules may be rescinded or altered, or any new Rule may be made, by the vote of three-fourths of all the members present or represented at a general meeting. No amendment of Rules is valid until registered. No amendment shall be made which causes the Society to cease to be a charity in law.

FIT AND PROPER

- 51A. No person shall be appointed without the consent of any relevant court or the Authority (as may be required by law) to the Board of Directors, or be the Chief Executive or the Secretary of the Society who:
- Has been made bankrupt;
 - Is subject to a disqualification order under the Company Directors Disqualification Act 1986;
 - Has been convicted of an offence where the conviction is not treated as spent under the Rehabilitation of Offenders Act 1974;
 - Is prohibited by the Authority from undertaking a controlled function (as specified in *SUP 10.4.5R* of the FCA Handbook as amended or modified from time to time).

THE BOARD OF DIRECTORS

52. The affairs of the Society shall be managed by a Board of Directors comprising not less than three and not more than twelve persons.

APPOINTMENT OF DIRECTORS

- 52A. One third (or the number nearest one third) of the Directors ("Relevant Retiring Directors") must retire at each Annual General Meeting (AGM), those longest in office retiring first and the choice between any of equal service being made by drawing lots. A retiring Director who remains eligible for appointment may be re-appointed at the Annual General Meeting or by postal ballot prior to the Annual General Meeting provided they have served as a Director for not more than nine years, ending on the date of the Annual General Meeting at which their re-appointment is to be considered.
- 52B. For the purposes of determining which Directors constitute the Relevant Retiring Directors at an Annual General Meeting ("Relevant AGM"), any person who has ceased to hold the office of Director pursuant to rule 54 since the immediately preceding Annual General Meeting, and who has not been replaced, shall be deemed to retire at the Relevant AGM (and therefore be deemed to be one of the Relevant Retiring Directors).
53. The elections shall be conducted in such manner as may be directed by the Directors from time to time provided that:
- (a) candidates for Directorship must be members of the Society or nominated by a corporate body which is a member, and must be aged 16 years or more;
 - (b) candidates may be nominated by any member of the Society, including an organisation which is a member of the Society of which they are a member or director;
 - (c) prior to the Annual General Meeting, the Secretary must have received both a nomination in writing signed by the nominator, and a signed acceptance of being nominated by the nominee;
 - (d) the Directors may make additional regulations regarding the nomination of candidates.
54. The office of a Director shall be immediately vacated if she/he:
- (a) resigns her/his office in writing to the Society;
 - (b) ceases to be a member of the Society for any reason whatsoever (or is the representative of a corporate body which ceases to be a member);
 - (c) is absent from four successive meetings of the Directors without special leave of absence from the Directors and they decide that she/he has by reason of such absence vacated office;
 - (d) is removed by a resolution passed by two-thirds of the Directors, excluding the Director subject to the proposed removal;
 - (e) becomes bankrupt;
 - (f) is prohibited by law from being a director of a company; or
 - (g) is prohibited by the Relevant Authority from undertaking a controlled function (as defined in the Financial Services and Markets Act 2000).
55. A Director may be removed from office at any time by a resolution passed at a General Meeting of the Society. Pending the decision of such General Meeting a Director may be suspended from her/his duties by resolution of the Directors if in their opinion she/he has been guilty of conduct detrimental to the interests of the Society or is otherwise thought to be unfit to carry out her/his duties.
56. A casual vacancy in the number of Directors may be filled from amongst the membership of the Society by the Directors or, if it arises at a General Meeting of the Society, by that meeting. A casual vacancy shall exist when there are fewer Directors than there were at the close of the last preceding Annual General Meeting. No-one may be appointed to fill a casual vacancy who has been a candidate for election during the preceding twelve months.

57. The Chairperson shall be entitled to receive an honorarium not exceeding £5,000 payable at the discretion of the Board of Directors and subject to the approval of the Secretary of the Society.
- 58.A Subject to Rules 58B and 58C, any Director who whether directly or indirectly has a personal material or financial interest in relation to any matter ("Conflicted Director") must:
- (a) declare the nature and extent of her or his interest before discussion begins on the matter;
 - (b) withdraw from the meeting of the Directors for that item after providing any information requested by the Directors;
 - (c) not be counted in the quorum for that part of the meeting; and
 - (d) be absent during the vote and have no vote on the matter.
- 58.B When any Director is a Conflicted Director, the Directors who are not Conflicted Directors, if they form a quorum without counting the Conflicted Director and are satisfied that it is in the best interests of the Society to do so, may, by resolution passed in the absence of the Conflicted Director, authorise the Conflicted Director, notwithstanding any conflict of interest or duty which has arisen or may arise for the Conflicted Director to:
- (a) continue to participate in discussions leading to the making of a decision and/or to vote; or
 - (b) disclose to a third party information confidential to the Society; or
 - (c) refrain from taking any step required to remove the conflict.
- 58.C A Director who is a member of the Society or will become a member on subscribing for shares in the Society is permitted to be part of the quorum, speak and vote at a Directors' meeting on any matter to do with interest on shares provided they declare their interest on that agenda item. Rules 58A and 58B do not apply.

POWERS AND DUTIES OF THE DIRECTORS

59. The Directors may appoint from amongst their own number such honorary officers as they see fit.
60. The business of the Society shall be managed by the Directors who may exercise all such powers of the Society as may be exercised and done by the Society and as are not by statute or by these Rules required to be exercised or done by the Society in General Meeting.
61. No regulation made by the Society in General Meeting shall invalidate any prior act of the Directors which would have been valid had that regulation not been made.
62. All cheques, promissory notes, drafts, bills of exchange, electronic payments and other negotiable instruments, and all receipts for monies paid to the Society shall be signed, drawn, accepted, endorsed, or otherwise executed in such manner as the Directors shall from time to time direct.
63. The Directors may delegate any of their functions to sub-committees made up of members of their number and such other persons as they see fit. Any sub-committee so formed shall in the exercise of its powers conform with any regulations imposed upon it by the Directors, which shall always include the requirement for regular and prompt reports to the Directors.
64. The Directors may, by power of attorney or otherwise, appoint any person to be the agent of the Society for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of her or his powers.
65. All acts done by the Directors or by any person acting as a Director shall, even if it be afterwards discovered that there was some defect in the appointment of any such Director

or person acting as such, or that the Directors or any of them were disqualified, be as valid as if every such person had been duly appointed and were qualified to be a Director.

66. Directors may act regardless of any vacancy in their body but, if and so long as their number is less than the minimum specified in these Rules, the Directors may act for the purpose of increasing the number of Directors, or of summoning a General Meeting of the Society, but for no other purpose.

PROCEEDINGS AT DIRECTORS' MEETINGS

67. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. The Secretary shall at the request of two or more Directors summon a meeting of the Directors at any reasonable time by giving all Directors reasonable notice of the date, time and venue for the meeting and the general nature of the business to be considered. A meeting of the Directors or any sub-committees may be held either in person or by suitable digital or electronic means in which all participants may communicate with all other participants. Any Director participating in the meeting by such means shall be counted in the quorum.
68. The Directors shall not proceed to business unless a quorum consisting of three Directors is present.
69. The Directors shall cause proper minutes to be made of all the proceedings of the Society, of the Directors and of any sub-committees. All such minutes shall be open to inspection by any Director at all reasonable times.
70. Questions arising at Directors' meetings shall be decided by a majority of votes of those present, every Director having one vote. In the event of a tied vote the Chairperson of the meeting shall have a second or casting vote.
71. A resolution in writing signed by all those for the time being entitled to vote at meetings of the Directors shall be valid and effective as if the same had been passed at a meeting duly convened and held and may consist of several documents in the same form, each signed by one or more Directors.
- 71.AA procedural defect of which the Directors are unaware at the time does not invalidate decisions taken at a meeting.

ACCOUNTS

72. The Society shall keep proper books of account with respect to its transactions and its assets and liabilities in accordance with Part 7 of the Act.
- 72A. The Society will maintain systems and controls which would satisfy (Chapter 3 of SYSC) the FCA Handbook as amended or modified from time to time for the nature, scale and complexity of its business.
73. The Society shall establish and maintain a satisfactory system of control of its books of account its cash holdings and all its receipts and remittance.
74. The Directors shall lay a revenue account and balance sheet duly audited and signed by the auditor and incorporating the report of the auditor therein before each Annual General Meeting accompanied by a Directors' report, signed by the Chairperson of the meeting of the Directors that adopted the report, on the state of the Society's affairs.
75. The Society shall keep a copy of the last balance sheet for the time being together with the relevant report made by the Auditor always hung up on a conspicuous place at its registered office.
- 75A. Subject to Rules 74 and 75, the Society will provide a copy of its audited accounts to members upon request and payment of a reasonable administration fee not exceeding £10. The accounts will be accompanied by the Board of Director's assessment of the Society's performance and prospects.

AUDITORS

76. Subject to the following Rule, the Society shall appoint in each financial year a qualified auditor under Part 7 of the Act to audit the Society's accounts and balance sheet for the year.
77. The Society shall be exempt from the obligation to appoint a qualified auditor if during the preceding financial year it met such criteria regarding low levels of income and/or expenditure or other factors as to qualify it for statutory exemption from the need to appoint qualified auditors. In such an event the Society may appoint two persons who are not qualified auditors to audit the accounts and balance sheet for the year.
78. None of the following persons shall be appointed as auditor of the Society:
 - (a) an officer or employee of the Society;
 - (b) a person who is a partner or employee of or who employs an officer of the Society.
79. The Directors may appoint an auditor to fill a casual vacancy occurring between General Meetings. Except as specified in these cases, every appointment of an auditor shall be made by a resolution of a General Meeting of the Society.
80. An auditor for the preceding financial year shall be re-appointed as auditor of the Society for the current financial year unless:
 - (a) a resolution has been passed at a General Meeting appointing someone else as auditor or providing expressly that she/he shall not be re-appointed; or
 - (b) she/he has given notice in writing to the Society of her/his unwillingness to be re-appointed; or
 - (c) she/he is ineligible for appointment as auditor of the Society for the current financial year; or
 - (d) she/he has ceased to act as auditor of the Society by reason of incapacity.
81. Any resolution of a General Meeting of the Society either to remove an auditor from office or to appoint another person as auditor shall not be effective unless notice of the proposed resolution has been given to the Society at least 28 days prior to the meeting at which the resolution is to be considered. At least 21 days' notice of such resolution must then be given to members of the Society and in writing to the auditors.
- 81A. The Directors are hereby authorised to fix the auditor's remuneration.

INSPECTION OF BOOKS

82. Any member or person having an interest in the funds of the Society shall be allowed to inspect her/his own account and the books containing the names of members at all reasonable hours at the registered office of the Society or at any place where the same are kept, subject to such conditions as to time and manner of such inspection as may be made from time to time by the General Meetings of the Society.

ANNUAL RETURN

83. Every year and within the period prescribed by statute, the Secretary shall send to the Mutual Societies Section, Financial Conduct Authority the annual return, in the form prescribed by the Mutual Societies Section, the Authority, relating to its affairs for the period required by the Act to be included in the return together with:
 - (a) a copy of the report of the auditor on the Society's accounts for the period included in the return; and

- (b) a copy of each balance sheet made during that period and of the report of the auditor on that balance sheet.
84. The Society shall on demand supply free of charge to any member, or to any person with an interest in the funds of the Society, a copy of the latest annual return together with a copy of the auditor's report on the accounts and balance sheet contained in the return.

PROCEEDINGS ON DEATH OR BANKRUPTCY OF A MEMBER

85. Upon a claim being made by the personal representative of a deceased member or the trustee in bankruptcy of a bankrupt member to any property in the Society belonging to the deceased or bankrupt member, the Society shall transfer or pay such property to which the personal representative or trustee in bankruptcy has become entitled as the personal representative or trustee in bankruptcy may direct them.
86. A member may in accordance with the Act nominate any individual or individuals to whom any of her/his property in the Society at the time of her/his death shall be transferred, but such nomination shall only be valid to the extent of the amount for the time being allowed in the Act. On receiving a satisfactory proof of death of a member who has made a nomination the Society shall, in accordance with the Act, either transfer or pay the full value of the property comprised in the nomination to the person entitled thereunder.

APPLICATION OF PROFITS

87. Members of the Society will be rewarded primarily through a social dividend rather than a monetary dividend. The net profits and property of the Society shall be applied solely towards the promotion of its Objects and no portion shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise howsoever by way of profit to members of the Society, except as provided in the following Rule.
88. The net profits and property of the Society shall be applied as follows at the discretion of the Directors:-
- (a) Subject to Rule 20 in paying interest on members' share capital at such rate as may be determined by the Directors from time to time;
 - (b) in setting aside to a reserve fund such amount, if any, as the Directors may decide to be applied in meeting any contingency affecting the activities of the Society;
 - (c) in setting aside to a common fund such amount, if any, to be used for such charitable purposes as the Directors may recommend and a General Meeting shall determine.
89. Any profits not so applied shall be carried forward.
- 90.A Nothing herein shall prevent any payment in good faith by the Society:-
- (a) of reasonable and proper remuneration and reimbursement of expenses to any member or servant of the Society for any services or goods rendered to the Society (provided that no remuneration shall be made to a person who is also a Director of the Society or Connected Persons);
 - (b) of interest on money lent by any member or Director of the Society or Connected Persons at a reasonable rate in accordance with these Rules;
 - (c) of interest on shares to any member or Director of the Society or Connected Persons, subject to Rule 20;
 - (d) of reasonable and proper rent for premises or equipment let or hired to the Society by any member or Director of the Society or Connected Persons.
- 90.B Members and Directors and Connected Persons may receive charitable benefits on the same terms as any other beneficiaries.
- 90.C A Director or a Connected Person must not receive any payment of money or other material benefit (whether directly or indirectly) from the Society except:

- (a) as mentioned in Rules 57, 90.A, 90.B or 90.D;
- (b) reimbursement of reasonable out-of-pocket expenses (including hotel and travel costs) actually incurred in running the Society;
- (c) the benefit of indemnity insurance as permitted by the Charities Act;
- (d) an indemnity in respect of any liabilities properly incurred in running the Society (including the costs of a successful defence to criminal proceedings); and
- (e) where authorised by the Court of the Act.

90.D Any Director or any Connected Person may enter into a written contract with the Society, as permitted by the Charities Act, to supply goods and/or services in return for a payment or other material benefit but only if:

- (a) the goods and/or services are actually required by the Society, and the Directors decide that it is in the best interests of the Society to enter into such a contract;
- (b) the nature and level of the remuneration is no more than is reasonable in relation to the value of the goods and/or services and is set in accordance with the procedure in Rule 58; and
- (c) no more than half of the Directors are parties to a contract in respect of good and/or services in any financial year.

SECRETARY

91. The Directors may appoint a Secretary of the Society upon such conditions as they think fit; and any Secretary so appointed may be removed by them. The Secretary shall prepare and send all returns to be made to the Mutual Societies Section, Financial Conduct Authority and cause to be made all the necessary entries in all registers required by these Rules or by the Act to be kept by the Society.

SEAL

92. If the Society has a seal it shall be kept in the custody of the Secretary and used only by the authority of the Board of Directors. Sealing shall be attested by the signature of two directors or of one director and the Secretary for the time being. If the Society does not have seal, a document which would have previously required to be sealed, should be signed by a director and secretary or two directors and accompanied by a written statement that the document has been executed by the society as if under common seal.

INDEMNITY

93. Without prejudice to any indemnity to which Directors may otherwise be entitled, any Director or other officer or auditor of the Society shall be indemnified out of the assets of the Society against any liability incurred by her/him in defending any proceedings, whether civil or criminal, in which judgement is given in her/his favour or in which she/he is acquitted or in connection with any application in which relief is granted to her/him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Society.

FIDELITY INSURANCE

93A. The Society will at all times maintain in force a policy of insurance which provides cover against any description of loss suffered or liability incurred by reason of the fraud or other dishonesty of any of its officers or employees.

REGULATIONS

94. The Society in General Meeting or the Directors may from time to time make, adopt and amend such regulations in the form of bye-laws, standing orders, secondary rules or otherwise as they may think fit for the management, conduct and regulation of the affairs of

the Society and the proceedings and powers of the Directors and sub-committees. No regulation shall be made which is inconsistent with these Rules or the Act. All members of the Society and the Directors shall be bound by such regulations whether or not they have received a copy of them.

AMALGAMATION, TRANSFER OF ENGAGEMENTS AND CONVERSION

95. The Society may, by special resolution passed in the manner prescribed by the Act, amalgamate with or transfer its engagements to any other society or company or convert itself into a company under the Companies Acts provided that:-
- (a) the Objects of such society or company are similar to or compatible with the Objects; or
 - (b) after provision for the satisfaction of all its debts and liabilities and the repayment of the share capital (together with any interest due thereon), the value of the remaining property of the Society has been transferred to some other institution or institution having objects similar to or compatible with the Objects.

DISSOLUTION

96. The Society may be dissolved:
- (a) by winding up in manner provided by the Act; or
 - (b) by an instrument of dissolution signed by three-fourths of the members for the time being, in accordance with the Act;

provided that after the satisfaction of all its debts and liabilities and the repayment of the share capital together with any interest due thereon, the remaining property of the Society shall not be distributed amongst the members of the Society, but shall be transferred in the furtherance of the Objects to some other institution or institutions having objects similar to or compatible with the Objects, or insofar as the property is not transferred, shall be held for charitable purposes.

DISPUTES

97. In the event of a dispute between the Society or its Directors and a member of the Society or a former member, such dispute shall be referred to an independent arbitrator whose appointment is acceptable to both parties to the dispute. The decision of such an arbitrator shall be binding. In the event that a dispute cannot, for whatever reason, be concluded by reference to an arbitrator, the matter may be referred to the County Court.

DEFINITIONS

98. In these Rules, including this Rule, except where the context otherwise requires:-
- "the Act" means the Co-operative and Community Benefit Societies Act 2014 including any statutory modification or re-enactment thereof for the time being in force
- "the Authority" means the Financial Conduct Authority (or its successor or replacement body acting as the registering authority for societies under the Act)
- "Charities Act" means the Charities Act 2011 including any statutory modification or re-enactment thereof for the time being in force
- "the Companies Act" means the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force
- "Connected Person" means in relation to a Director, a person with whom the Director shares a common interest such that he/she may reasonably be regarded as benefiting directly or indirectly from any material benefit received by that person, being either a member of the Director's family or household or a person or body who is a business associate of the Director, and (for the avoidance of doubt) does not include a company with which the Director's only connection is an interest consisting of no more than 1% of the voting rights

"the Banking Acts" means the Banking Act 1987 including any statutory modification or re-enactment thereof for the time being in force

"Society" means the society governed by these Rules

"person" includes any body corporate

"these Rules" or "the Rules" means the registered rules for the time being of the Society

"Secretary" means the Secretary of the Society or any other person appointed to perform the duties of the Secretary of the Society, including a joint, assistant or deputy Secretary

"clear days" in relation to the period of a notice means that period excluding that day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect

"In writing" shall be taken to include references to writing, printing, photocopying and other methods of representing or reproducing words in a visible form.

"Director" shall mean a director of the Society, which includes any person occupying the position of director, by whatever name called

"Objects" the objects of the Society as defined in Rule 3

"Relevant Authority" means the relevant regulator of financial services

Words importing the singular or plural include the plural or singular respectively. The headings do not form part of these Rules and shall be disregarded in its construction or interpretation.

Signatures of Members	Full Names in BLOCK CAPITALS (no initials)
1.
2.
3.
Secretary:

Signed by

Secretary

Member

Member

Member